



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

March 4, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **SPECIAL SERVICES FOR GROUPS – A DEPARTMENT OF PUBLIC
HEALTH HIV/AIDS CARE AND PREVENTION SERVICES PROVIDER –
CONTRACT COMPLIANCE REVIEW**

We have completed a fiscal review of Special Services for Groups (SSG or Agency), which covered a sample of transactions from March 2010 through May 2012. The County Department of Public Health (DPH) Division of HIV and STD Programs (DHSP) contracts with SSG, a non-profit organization, to provide HIV/AIDS mental health psychotherapy, HIV testing and counseling, health education and risk reduction, and case management services.

Our review was intended to determine whether SSG provided services to eligible participants and spent funds in accordance with their County contract. We also evaluated the Agency's accounting records, internal controls, and compliance with the contract and applicable guidelines.

At the time of our review, SSG had one fee-for-service contract and five cost reimbursement contracts with DHSP. DHSP paid the Agency approximately \$1.45 million from March 2010 to May 2012. SSG provides services in the First Supervisorial District.

Results of Review

SSG provided services to individuals that met the DHSP eligibility requirements and appropriately allocated shared costs in accordance with their Cost Allocation Plan.

However, SSG's accounting records did not support \$3,150 in expenditures that were included in one of the SSG's Cost Reports. In addition, SSG did not obtain DPH's approval of their client fee schedule as required by the County contract.

SSG's attached response indicates that the Agency will repay DPH \$3,150 and has since obtained DPH approval of their client fee schedule as required.

Details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed our report with SSG and DHSP. The Agency's attached response indicates that they agree with our findings and recommendations.

We thank SSG for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:AB:DC:EB

Attachment

c: William T Fujioka, Chief Executive Officer
Jonathan E. Fielding, M.D., M.P.H, Director, Department of Public Health
Special Services for Groups
John M. Eckman, Chairperson, Board of Directors
Herbert Hatanaka, Executive Director
Public Information Office
Audit Committee

**SPECIAL SERVICES FOR GROUPS
HIV/AIDS CARE AND PREVENTION SERVICES
MARCH 2010 TO MAY 2012**

ELIGIBILITY

Objective

Determine whether Special Services for Groups (SSG or Agency) provided services to clients who met the Department of Public Health (DPH) Division of HIV and STD Programs (DHSP) eligibility requirements.

Verification

We reviewed the case files for ten clients who received services during March 2011 to March 2012 for documentation of their eligibility for DHSP services.

Results

SSG maintained adequate documentation to support the eligibility of all ten clients who were provided services. However, SSG did not obtain approval from DPH for their client fee schedule as required by the Additional Provisions of the County contract.

Recommendation

1. **SSG management obtain approval from DPH for their client fee schedule.**

CASH/REVENUE

Objective

Determine whether SSG recorded revenue in the Agency's financial records properly, deposited cash receipts into the Agency's bank account timely, and that bank accounts were reviewed and approved by Agency management.

Verification

We interviewed Agency personnel, and reviewed their financial records and May 2012 bank reconciliation.

Results

SSG recorded revenue in their financial records properly, deposited the DHSP payments into the Agency's bank account timely, and Agency management reviewed and approved the monthly bank reconciliation.

Recommendation

None.

COST ALLOCATION PLAN**Objective**

Determine whether the Agency prepared its Cost Allocation Plan (Plan) in compliance with the County contract, and used the Plan to allocate shared costs appropriately.

Verification

We reviewed SSG's Plan and a sample of shared costs the Agency incurred from July 2010 to February 2012.

Results

SSG's Plan was prepared in compliance with the County contract and the shared costs were allocated to the DHSP Program appropriately.

Recommendation

None.

EXPENDITURES**Objective**

Determine whether expenditures charged to the DHSP Program were allowable under the County contract, properly documented, and accurately billed.

Verification

We interviewed Agency personnel, and reviewed financial records for 14 non-payroll expenditures, totaling \$17,560, that the Agency charged to the DHSP Program from May 2010 to March 2012.

Results

SSG maintained adequate documentation to support the non-payroll expenditures charged to the DHSP Program.

Recommendation

None.

PAYROLL AND PERSONNEL**Objective**

Determine whether SSG charged payroll costs to the DHSP Program appropriately, and maintained personnel files as required.

Verification

We reviewed the payroll costs for 11 employees, totaling \$15,610, for May 2012, and compared with the Agency's payroll records and time reports. We also reviewed the personnel files for DHSP Program staff.

Results

SSG appropriately charged payroll costs to the DHSP Program and maintained personnel files as required by the County contracts.

Recommendation

None.

COST REPORTS**Objective**

Determine whether the Agency's Cost Reports reconciled to their accounting records.

Verification

We traced SSG's March 2011 and March 2012 Cost Reports to their accounting records.

Results

One of SSG's Cost Reports did not reconcile to their accounting records. Specifically, the Agency's accounting records did not support \$3,150 in expenditures that were included in one of their Cost Reports.

Recommendations**SSG management:**

- 2. Repay DHSP \$3,150.**
- 3. Ensure Cost Reports reconcile to the Agency's accounting records.**



September 28, 2012

Herbert K. Hatanaka, DSW
Executive Director

SSG PROGRAMS

Asian and Pacific Islander Mental Health Alliance

Asian Pacific AIDS Intervention Team (APAIT)

Asian Pacific Counseling & Treatment Center (APCTC)

Asian Pacific Counseling & Treatment Center - Metro Center

Asian Pacific Residential Treatment Program (APRTP)

Bangkok Assistance Center Urban Project (BACUP)

Children's Dental & Outreach Project (CDOP)

Coastal Refugee Service Project (CRS)

Faith In Communities (FIC)

Greater West Hollywood Food Coalition (GWHFC)

Immigrant Outreach Program (IOP)/ Integrated Care System (ICS)

Immigrant Outreach Program (IOP)/ Integrated Care System (ICS) - Family Center

Housing & Hunger Project (H&H)

Occupational Therapy Training Program (OTTP-LA)

Occupational Therapy Training Program (OTTP-SF)

Older Adults Program (OAP)

Pacific Asian Alcohol & Drug Program (PAADP)

PALS for Health: Asean Para Ti Salud (PALS)

Parents Neighborhood Youth Program (PNYP)

Project 100 (P100)

Ex-Entry Maintenance Organization (EMO)

Research & Evaluation Unit (R&E)

Tongva Community Service Center (TCSC)

Wendy L. Watanabe, Auditor-Controller
Department of Auditor-Controller
Countywide Contract Monitoring Division
350 South Figueroa Street (8th floor)
Los Angeles, CA. 90071
Attention: Yoon Park, CPA
Principal Accountant-Auditor

**Re: Agency Response to Program/Fiscal Monitoring Review of the
Department of Public Health HIV/AIDS Preventive Care and
Care Services Provider - Program Years 2010-2012**

Dear Ms. Watanabe:

Attached is Special Service for Groups' response to the HIV/AIDS Preventive Care and Care Services Provider Program/Fiscal Monitoring Review.

Please do not hesitate to call Beth De Los Santos at (213) 553-1825 if you need additional information regarding this letter. Thank you.

Sincerely,


Herbert Hatanaka, DSW
Executive Director

**AFFILIATE
ORGANIZATIONS**

African American Alcohol and Other Drug Council (AAADOC)

Mei Tze Yee Shing House, Inc. (Mei Tze)

Orange County Asian & Pacific Islander Community Alliance (OCAFICA)

South

Tongva Community Service Center (TCSC)

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Attachment

SPECIAL SERVICE FOR GROUPS

605 West Olympic Boulevard, Suite 600, Los Angeles, California 90015 (213) 553-1800 fax (213) 553-1822



**SPECIAL SERVICE FOR GROUPS
RESPONSE TO PROGRAM/FISCAL REVIEW OF HIV/AIDS
PREVENTION SERVICE CONTRACT
FISCAL YEARS 2010-2012**

Eligibility

Recommendation:

1. SSG management obtain approval from DPH for their client fee schedule.

Agency's Response:

1. Attached is a copy of the letter from Department of Public Health approving SSG's client fee schedule for 2012-2013.

Cost Reports

Recommendation:

2. SSG management repays DPH \$3,150.00.
3. Ensure that Cost Reports reconcile to the Agency's Program accounting records.

Agency's Response:

2. SSG concurs with the finding. Attached is a copy of the check in the amount of \$3,150.00 which SSG will mail directly to the Division of HIV and STD contracts, Attention: Diana Ung.
3. SSG ensures that going forward, accounting records reconcile to the cost reports.



JONATHAN E. FIELDING, M.D., M.P.H.
Director and Health Officer

JONATHAN E. FREEDMAN
Chief Deputy Director

Division of HIV and STD Programs
Mario J. Pérez, Director
600 South Commonwealth Avenue, 10th Floor
Los Angeles, California 90005
TEL (213) 351-8000 • FAX (213) 387-0912

www.publichealth.lacounty.gov



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September 4, 2012

Herbert K. Hatanaka, D.S.W., Executive Director
Special Service for Groups
605 West Olympic Boulevard, Suite 600
Los Angeles, California 90015

Dear Dr. Hatanaka:

**APPROVAL OF CLIENT FEE SCHEDULE: CONTRACT NUMBER H-210812, HIV/AIDS
NON-MEDICAL CASE MANAGEMENT SERVICES**

Thank you for your July 29, 2012, submission of your agency's 2012-2013 Client Fee Schedule. Division of HIV and STD Programs (DHSP) staff reviewed and approved your 2012-2013 Client Fee Schedule.

If you have any questions or need additional information, please contact Oscar Ortiz, Program Manager at (213) 351-8306.

Very truly yours,


Mario J. Pérez, Director
Division of HIV and STD Programs

MJP:CVM:oo

F:\G:\Internal\Case Services\HIV\Case Management\HSP\FY 22 (FY 12-13)\Fee Schedule\HSP Fee Schedule Approval.doc (Amendment #14961)

c: Jury Candelario (SSG)
Monique Collins
Carlos Vega-Matos